

NORTH MAHASKA COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
June 30, 2020**

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North Mahaska Community School District
Board of Education and School District Officials
Year ended June 30, 2020

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Dirk Wilkin	President	2023
Arvin De Boef	Vice President	2021
Margaret Ratcliff	Board Member	2021
Keith Foster	Board Member	2023
Michelle Sampson	Board Member	2023
School District Officials		
Angela Livezey	Superintendent	2020
Cindy Quang	District Secretary/Treasurer	2020
Danielle Haindfield	Attorney	Indefinite



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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
North Mahaska Community School District
New Sharon, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the North Mahaska Community School District, New Sharon, Iowa, as of and for the year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the North Mahaska Community School District as of June 30, 2020, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 12 and 42 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Mahaska Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 11, 2021, on our consideration of the North Mahaska Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Mahaska Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

February 11, 2021

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

This section of the North Mahaska Community School District's financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. The analysis focuses on school district financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

2020 Financial Highlights

- The General Fund June 30, 2020 fund balance increased to \$2,326,329 from the June 30, 2019 fund balance of \$2,266,698. The net change in fund balance was \$59,631. The reason for the increase in fund balance was due to the increase in open enrollment into North Mahaska. There was an increase of 4.7 open enrolled students which amounted to \$33,194 increase in tuition revenue. Another increase in fund balance was the increase in state aid and maintaining the expenditures the same as FY19. Overall, a very healthy general fund balance.
- The District's tax levy has decreased from \$12.64 in 2019-20 to 12.54 in 2020-21 because North Mahaska was not able to levy for many cash reserves for FY20. The district has a big carryover fund balance from FY19. The district carryover balance at the end of June 30, 2020 was because the district does its best to remain conservative as resident enrollment can vary greatly from year to year. The district's tax levy remained low compared to many districts in Iowa.
- The capital projects funds were used to help initiate the construction project with architects and attorneys, as well as computer technology equipment, building maintenance, and outdoor grounds maintenance.
- To avoid an increase to the tax rates the district bonded against the one cent local option sales tax (SILO) for the 2016 construction project to renovate high school office, science rooms, media center, family consumer science room and an all-weather track. By bonding against the SILO fund the district did not have a debt levy. A payment of \$325,141 was paid in the fiscal year ending June 30, 2020.

Using This Annual Report

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements (district-wide and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The statement of net position and statement of activities provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long- term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

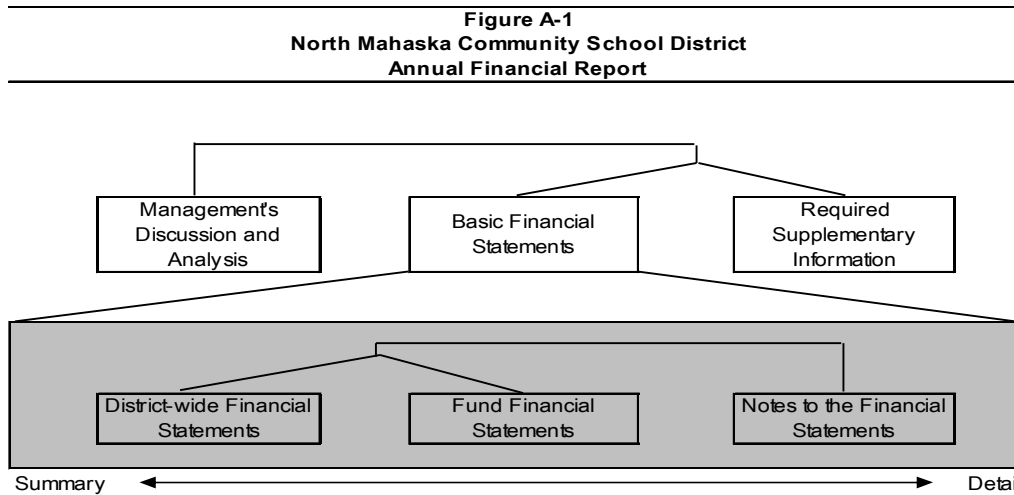


Figure A-2 summarizes the major features of the District's financial statements, including a portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the District-Wide and Fund Financial Statements				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required Financial Statements	> Statement of Net Position > Statement of activities	> Balance Sheet > Statement of revenues, expenditures, and changes in fund balances	> Statement of Net Position > Statement of revenues, expenses and changes in fund Net Position > Statement of cash flows	>Statement of fiduciary Net Position >Statement of changes in fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Reporting the District's Financial Activities

Government-Wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those provided by private sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is one way to measure the District's overall financial position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the District-wide financial statements, the District's activities are divided into two categories:

- Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- Business-type activities: The District charges fees to help it cover the costs of certain services it provides. The District's food service program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. Internal service funds, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities.
- Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

- Private-Purpose Trust Fund – The District accounts for outside donations for Scholarships for individual students in this fund.
- Agency Funds: These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for the District employee purchases. The District has only one Agency Fund which holds the employee funds contributed by employees through payroll for use in the medical and dependent care flexible spending program.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

Government-wide Financial Analysis

Figure A-3 below provides a summary of the District's net position at June 30, 2020 compared to June 30, 2019.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities June 30,		Business type Activities June 30,		Total District June 30,		Total Change June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Current and other assets	\$ 19,384,774	8,585,222	44,330	58,154	19,429,104	8,643,376	124.8%
Capital assets	9,065,941	8,588,359	20,764	18,805	9,086,705	8,607,164	5.6%
Total assets	28,450,715	17,173,581	65,094	76,959	28,515,809	17,250,540	65.3%
Deferred outflows of resources	933,904	1,415,257	27,024	39,072	960,928	1,454,329	-33.9%
Long-term liabilities	16,206,577	6,687,609	104,505	109,021	16,311,082	6,796,630	140.0%
Other liabilities	1,738,423	937,612	16,823	1,820	1,755,246	939,432	86.8%
Total liabilities	17,945,000	7,625,221	121,328	110,841	18,066,328	7,736,062	133.5%
Deferred inflows of resources	4,214,175	3,829,348	21,054	18,821	4,235,229	3,848,169	10.1%
Net Position:							
Invested in capital assets, net of related debt	5,274,570	5,410,104	20,764	18,805	5,295,334	5,428,909	-2.5%
Restricted	2,873,625	2,201,834	-	-	2,873,625	2,201,834	30.5%
Unrestricted	(922,751)	(724,587)	(71,028)	(32,436)	(993,779)	(757,023)	31.3%
Total Net Position	\$ 7,225,444	6,887,351	(50,264)	(13,631)	7,175,180	6,873,720	4.4%

Figure A-4 shows the changes in net position for the year ended June 30, 2020 compared to the year ended June 30, 2019.

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

	Figure A-4						
	Changes in Net Position						
	Governmental Activities		Business type Activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Revenues:							
Program revenues:							
Charges for service	\$ 1,229,780	1,227,804	156,241	144,962	1,386,021	1,372,766	1.0%
Operating grants, contributions and restricted interest	1,113,538	1,055,335	185,205	151,982	1,298,743	1,207,317	7.6%
Capital grants and contributions	-	-	-	-	-	-	-
General revenues:							
Property tax	3,441,071	2,986,769	-	-	3,441,071	2,986,769	15.2%
Local option sales and service tax	466,967	482,724	-	-	466,967	482,724	-3.3%
Unrestricted state grants	1,706,864	2,007,833	-	-	1,706,864	2,007,833	-15.0%
Unrestricted investment earnings	39,788	59,745	4	11	39,792	59,756	-33.4%
Other	48,076	108,433	-	-	48,076	108,433	-55.7%
Total revenues	8,046,084	7,928,643	341,450	296,955	8,387,534	8,225,598	2.0%
Program expenses:							
Governmental activities:							
Instruction	4,819,653	4,748,591	-	-	4,819,653	4,748,591	1.5%
Support services	2,086,822	1,764,796	-	-	2,086,822	1,764,796	18.2%
Non-instructional programs	5,168	5,515	385,830	278,485	390,998	284,000	37.7%
Other expenses	799,417	543,361	-	-	799,417	543,361	47.1%
Total expenses	7,711,060	7,062,263	385,830	278,485	8,096,890	7,340,748	10.3%
Other financing sources	(3,925)	-	7,328	1,400	3,403	1,400	
Change in Net Position	331,099	866,380	(37,052)	19,870	294,047	886,250	-66.8%
Net position beginning of year, as restated	6,894,345	6,020,971	(13,212)	(33,501)	6,881,133	5,987,470	14.9%
Net position end of year	\$ 7,225,444	6,887,351	(50,264)	(13,631)	7,175,180	6,873,720	4.4%

Figure A-5 presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs, and other expenses for the year ended June 30, 2020 compared to the year ended June 30, 2019.

Figure A-5 Total and Net Cost of Governmental Activities						
Total Cost of Services		Change	Net Cost of Services		Change	
2020	2019	2019-2020	2020	2019	2019-2020	
Instruction	\$ 4,819,653	4,748,591	1.5%	2,741,191	2,704,460	1.4%
Support services	2,086,822	1,764,796	18.2%	2,039,551	1,746,301	16.8%
Non-instructional programs	5,168	5,515	-6.3%	5,168	5,515	-6.3%
Other expenses	799,417	543,361	47.1%	581,832	322,848	80.2%
Totals	\$ 7,711,060	7,062,263	9.2%	5,367,742	4,779,124	12.3%

Governmental Activities

The District saw an increase in total net position of \$331,099 due to the increase in tuition revenue and maintaining expenditures stable.

Business Type Activities

Revenues for business type activities were \$341,450 and expenses were \$385,830. Net position decreased \$37,052 from (\$13,212) to (\$50,264). The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal, and state reimbursements and investment income.

Individual Fund Analysis

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$13,862,719 which is \$9,842,269 more than the balance of \$4,020,450 at the beginning of the year, the majority of which is due to the issuance of a \$10,000,000 general obligation bond.

The individual fund analysis basically goes through each of the major school funds and tries to put in simple terms where they are and where we may want to go with them during the coming year. Please keep in mind that it is a snapshot picture of finances on June 30 of each year. The figures represent our modified accrual position on June 30, 2020, compared with where we were on June 30, 2019. You can find these figures in the year-end reports on expenditures, revenues, and fund balances. North Mahaska Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Highlights

General Operating Fund

In the General Fund, we had revenues and other financing sources of \$6,397,277. We had expenditures and other financing uses of \$6,337,646. Therefore, we ended the year with a \$59,631 surplus. We started the year with a balance of \$2,266,698, so we ended the year with a balance of \$2,326,329. The increase is due primarily to the increase in open enrollment.

Management Fund

In the Management Fund, we had expenditures of \$164,306 and revenues of \$837,459. Therefore, we ended the year with a \$673,153 surplus. We started the year with \$275,978, we ended the year with a balance of \$949,131. The district significantly increased the management fund in efforts to put in a robust retirement plan to recruit and maintain highly qualified teachers. The fund is now used for the early retirement program, insurance premiums and unemployment claims. Money from this fund can be spent on insurance (other than employee health), tort liability claims, unemployment claims, and qualifying early retirement payments.

Physical Plant and Equipment Levy (PPEL)

In PPEL we had expenditures of \$134,361 and revenues of \$87,925 meaning we were \$46,436 in the red. We started the year with \$91,361 we finished with a balance of \$44,925. Non-instructional software and equipment over \$500 like stage lighting, exterior LED lighting and HVAC control system were purchased with PPEL money.

Capital Projects

We started the year with a balance of \$1,264,341 in all capital projects funds. We had expenditures of \$1,713,101 and revenues of \$10,822,387. The fund balance is now \$10,373,627 (an increase of \$9,109,286). The debt service is now being paid by one-cent sales tax funding as well as a property tax increase to collect the debt service for the 2020 general obligation bond.

Activity Fund

The activity fund is a conglomerate of many different minor funds from athletics and music to class treasuries. The fund is in good condition overall. The beginning balance was \$213,433. At the end of the year, it was \$213,632. The balance can fluctuate quite a bit depending on what projects are going on and when money is being paid out. This is not a fund in which you are trying to make money, but you like to keep a healthy balance to cover cash flow during the year. Most of the accounts are revolving in nature in that organizations use them for their activities. In the athletic part of the budget, some sports ran in the red, but others ran in the black.

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Proprietary Fund Highlights

Nutrition Fund

The nutrition fund started the year with a balance of (\$13,212) (this balance was restated from the ending balance of the prior year, due to GASB 75). Revenues for the year totaled \$348,778 while expenditures totaled \$385,830 leaving a balance of (\$50,264) a difference of \$37,052 in the red. The nutrition fund has a negative balance due to the OPEB liability that must be recorded in the financial statement as a liability. This liability will not ever need to be paid. The nutrition fund has the cash funds available to run a nutrition program.

Budgetary Highlights

Total expenditures were less than budgeted. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

Capital Assets and Debt Administration

Capital Assets

On June 30, 2020, the District had invested \$9,086,705 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, and transportation equipment. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$367,630.

The original cost of the District's capital assets was \$14,966,737. Of this amount, \$129,511 was in the Proprietary, School Lunch Fund.

Figure A-6							
Capital Assets, net of Depreciation							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2020	2019	2020	2019	2020	2019	2019-2020
Land	\$ 95,250	95,250	-	-	95,250	95,250	0.0%
Construction in progress	662,738	-	-	-	662,738	-	N/A
Buildings	6,865,354	7,022,986	-	-	6,865,354	7,022,986	-2.2%
Improvements other than buildings	1,059,499	1,109,269	-	-	1,059,499	1,109,269	-4.5%
Furniture and equipment	383,100	360,854	20,764	18,805	403,864	379,659	6.4%
Totals	\$9,065,941	8,588,359	20,764	18,805	9,086,705	8,607,164	5.6%

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Long-Term Debt

On June 30, 2020, the District had \$2,855,000 in revenue bonds. The revenue bond was for the remodel of the high school office, some of the high school classrooms and the all-weather track. The revenue bond is being paid from the one cent sales tax. The district was issued a general obligation bond in the amount of \$10,000,000. A debt service tax was used to increase property taxes for this bond. The general obligation bond is for the addition of elementary classrooms, a wrestling room/fitness center/safe room space, and HVAC updates. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2020	2019	2019-2020
General obligations bonds	\$ 10,000,000	-	N/A
GO bond premium, net	248,311	-	N/A
GO bond discount, net	(111,103)	-	N/A
Revenue bonds	2,855,000	3,105,000	-8.1%
Capital lease	-	73,255	-100.0%
Early retirement	40,000	45,000	-11.1%
Net pension liability	2,758,992	3,190,199	-13.5%
Other postemployment benefits	519,882	383,176	35.7%
Totals	<u>\$ 16,311,082</u>	<u>6,796,630</u>	<u>140.0%</u>

Economic Factors Bearing on the District's Future

The district remains in good financial condition. One economic factor bearing on the district is the resident student count continues to decrease. However, the increase in open enrolled in students has helped, but in future forecasting, the district cannot rely on these students to continue to stay at North Mahaska. Student count drives the budget. The one cent local option sales tax (SILO) will continue to be a big help for many projects and will help retire debt. The SILO funds have been allocated to pay for the revenue bonds and the 1:1 computer. The SILO revenues can help with authorized purchases but are very limited in the type of expenditures allowed. The swings in enrollment will keep the district in a tight budgeting environment.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the district's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sarah McGriff, Business Manager, or Angela Livezey, Superintendent, North Mahaska Community School, P.O. Box 89, New Sharon, Iowa 50207.

Basic Financial Statements

Exhibit A

North Mahaska Community School District
Statement of Net Position
June 30, 2020

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 14,815,328	29,741	14,845,069
Receivables:			
Property tax:			
Delinquent	8,626	-	8,626
Succeeding year	3,391,424	-	3,391,424
Income surtax	80,387	-	80,387
Accounts	110,768	9,575	120,343
Due from other funds	6,500	-	6,500
Due from other governments	971,741	-	971,741
Inventories	-	5,014	5,014
Capital assets, net of accumulated depreciation	9,065,941	20,764	9,086,705
Total assets	28,450,715	65,094	28,515,809
Deferred Outflows of Resources			
Pension related deferred outflows	933,904	27,024	960,928
Liabilities			
Accounts payable	336,329	16,823	353,152
Excess of warrants over bank balance	742,712	-	742,712
Salaries and benefits payable	624,836	-	624,836
Accrued interest payable	34,546	-	34,546
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	485,000	-	485,000
Revenue bonds	255,000	-	255,000
Early retirement	25,000	-	25,000
Portion due after one year:			
General obligation bonds	9,652,208	-	9,652,208
Revenue bonds	2,600,000	-	2,600,000
Early retirement	15,000	-	15,000
Net pension liability	2,682,974	76,018	2,758,992
Net OPEB liability	491,395	28,487	519,882
Total liabilities	17,945,000	121,328	18,066,328
Deferred Inflows of Resources			
Unavailable property tax revenue	3,391,424	-	3,391,424
Income surtax	80,387	-	80,387
Pension related deferred inflows	742,364	21,054	763,418
Total deferred inflows of resources	4,214,175	21,054	4,235,229
Net Position			
Net investment in capital assets	5,274,570	20,764	5,295,334
Restricted for:			
Management levy purposes	949,131	-	949,131
Physical plant and equipment	44,925	-	44,925
Capital projects	1,127,865	-	1,127,865
Student activities	213,632	-	213,632
Categorical funding	538,072	-	538,072
Unrestricted	(922,751)	(71,028)	(993,779)
Total net position	\$ 7,225,444	(50,264)	7,175,180

See notes to financial statements.

North Mahaska Community School District
Statement of Activities
Year ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Contributions and Restricted Interest	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 2,751,463	718,496	718,291	-	(1,314,676)	-	(1,314,676)
Special	903,026	262,296	116,966	-	(523,764)	-	(523,764)
Other	1,165,164	248,988	13,425	-	(902,751)	-	(902,751)
	<u>4,819,653</u>	<u>1,229,780</u>	<u>848,682</u>	<u>-</u>	<u>(2,741,191)</u>	<u>-</u>	<u>(2,741,191)</u>
Support Service:							
Student	169,283	-	-	-	(169,283)	-	(169,283)
Instructional staff	181,974	-	-	-	(181,974)	-	(181,974)
Administration	795,038	-	-	-	(795,038)	-	(795,038)
Operation and maintenance of plant	653,969	-	-	-	(653,969)	-	(653,969)
Transportation	286,558	-	47,271	-	(239,287)	-	(239,287)
	<u>2,086,822</u>	<u>-</u>	<u>47,271</u>	<u>-</u>	<u>(2,039,551)</u>	<u>-</u>	<u>(2,039,551)</u>
Non-instructional programs	<u>5,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,168)</u>	<u>-</u>	<u>(5,168)</u>
Other expenditures:							
Facilities acquisition	222,389	-	-	-	(222,389)	-	(222,389)
Long-term debt interest	137,812	-	-	-	(137,812)	-	(137,812)
AEA flowthrough	217,585	-	217,585	-	-	-	-
Depreciation (unallocated)*	221,631	-	-	-	(221,631)	-	(221,631)
	<u>799,417</u>	<u>-</u>	<u>217,585</u>	<u>-</u>	<u>(581,832)</u>	<u>-</u>	<u>(581,832)</u>
Total governmental activities	<u>7,711,060</u>	<u>1,229,780</u>	<u>1,113,538</u>	<u>-</u>	<u>(5,367,742)</u>	<u>-</u>	<u>(5,367,742)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	368,913	136,701	185,205	-	-	(47,007)	(47,007)
NM custom creations	16,917	19,540	-	-	-	2,623	2,623
	<u>385,830</u>	<u>156,241</u>	<u>185,205</u>	<u>-</u>	<u>-</u>	<u>(44,384)</u>	<u>(44,384)</u>
Total primary government	<u>\$ 8,096,890</u>	<u>1,386,021</u>	<u>1,298,743</u>	<u>-</u>	<u>(5,367,742)</u>	<u>(44,384)</u>	<u>(5,412,126)</u>

North Mahaska Community School District
Statement of Activities
Year ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Contributions and Restricted Interest	Operating Grants, Contributions and Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Totals continued from previous pages	\$ 8,096,890	1,386,021	1,298,743	-	(5,367,742)	(44,384)	(5,412,126)
General revenues and transfers:							
Property tax levied for:							
General purposes					3,353,650	-	3,353,650
Capital outlay					87,421	-	87,421
Statewide sales, services and use tax					466,967	-	466,967
Unrestricted state grants					1,706,864	-	1,706,864
Unrestricted investment earnings					39,788	4	39,792
Gain (loss) on disposal of capital assets					-	(19)	(19)
Other					48,076	-	48,076
Transfers in (out)					(3,925)	3,925	-
Total general revenues and transfers					5,698,841	3,910	5,702,751
Contributed capital					-	3,422	3,422
Change in net position					331,099	(37,052)	294,047
Net position beginning of year, as restated					6,894,345	(13,212)	6,881,133
Net position end of year					\$ 7,225,444	(50,264)	7,175,180

* This amount excludes the depreciation included in the direct expenses of the various programs

See notes to financial statements.

North Mahaska Community School District
Balance Sheet
Governmental Funds
June 30, 2020

	General	Debt Service	Capital Projects	Management Levy	Non-major Student Activity	Total
Assets						
Cash, cash equivalents and pooled investments	\$ 2,885,912	-	10,411,564	950,250	219,933	14,467,659
Receivables:						
Property tax:						
Delinquent	6,245	-	225	2,156	-	8,626
Succeeding year	2,399,681	750,001	91,742	150,000	-	3,391,424
Income surtax	80,387	-	-	-	-	80,387
Accounts	109,245	-	-	-	1,523	110,768
Due from other funds	6,500	-	-	-	-	6,500
Due from other governments	932,453	-	39,288	-	-	971,741
Total assets	\$ 6,420,423	750,001	10,542,819	1,102,406	221,456	19,037,105
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 246,478	-	77,450	3,275	7,824	335,027
Excess of warrants issued over bank balance	742,712	-	-	-	-	742,712
Salaries and benefits payable	624,836	-	-	-	-	624,836
Total liabilities	1,614,026	-	77,450	3,275	7,824	1,702,575
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	2,399,681	750,001	91,742	150,000	-	3,391,424
Income surtax	80,387	-	-	-	-	80,387
Total deferred inflows of resources	2,480,068	750,001	91,742	150,000	-	3,471,811
Fund balances:						
Restricted for:						
Categorical funding	538,072	-	-	-	-	538,072
Management levy purposes	-	-	-	949,131	-	949,131
Student activities	-	-	-	-	213,632	213,632
School infrastructure	-	-	10,328,702	-	-	10,328,702
Physical plant and equipment	-	-	44,925	-	-	44,925
Unassigned	1,788,257	-	-	-	-	1,788,257
Total fund balances	2,326,329	-	10,373,627	949,131	213,632	13,862,719
Total liabilities, deferred inflows of resources and fund balances	\$ 6,420,423	750,001	10,542,819	1,102,406	221,456	19,037,105

See notes to financial statements.

Exhibit D

North Mahaska Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2020

Total fund balances of governmental funds (Exhibit C) \$ 13,862,719

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 9,065,941

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position 346,367

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (34,546)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 933,904	
Deferred inflows of resources	(742,364)	191,540

Long-term liabilities, including bonds payable, obligations under capital lease, net pension liability, compensated absences and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.

General obligations bonds	(10,000,000)	
Bond premiums, net	(248,311)	
Bond discounts, net	111,103	
Revenue bonds	(2,855,000)	
Early retirement	(40,000)	
Net pension liability	(2,682,974)	
Net OPEB liability	(491,395)	(16,206,577)

Net position of governmental activities (Exhibit A) \$ 7,225,444

See notes to financial statements.

North Mahaska Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2020

	General	Debt Service	Capital Projects	Management Levy	Non-major Student Activity	Total
Revenues:						
Local sources:						
Local tax	\$ 2,506,719	-	87,013	832,645	-	3,426,377
Tuition	945,801	-	-	-	-	945,801
Other	113,534	-	6,602	749	250,341	371,226
State sources	2,601,494	-	467,392	4,065	-	3,072,951
Federal sources	229,729	-	-	-	-	229,729
Total revenues	6,397,277	-	561,007	837,459	250,341	8,046,084
Expenditures:						
Current:						
Instruction:						
Regular	2,564,588	-	-	50,846	-	2,615,434
Special	887,435	-	-	-	-	887,435
Other	881,023	-	-	-	246,217	1,127,240
	4,333,046	-	-	50,846	246,217	4,630,109
Support services:						
Student	163,575	-	-	258	-	163,833
Instructional staff	137,945	-	35,996	258	-	174,199
Administration	748,841	-	23,672	11,017	-	783,530
Operation and maintenance of plant	459,465	-	86,927	83,154	-	629,546
Transportation	277,189	-	21,272	13,605	-	312,066
	1,787,015	-	167,867	108,292	-	2,063,174
Non-instructional programs	-	-	-	5,168	-	5,168
Other expenditures:						
Facilities acquisition	-	-	955,325	-	-	955,325
Long-term debt:						
Principal	-	323,255	-	-	-	323,255
Interest and fiscal charges	-	73,911	75,792	-	-	149,703
AEA flowthrough	217,585	-	-	-	-	217,585
	217,585	397,166	1,031,117	-	-	1,645,868
Total expenditures	6,337,646	397,166	1,198,984	164,306	246,217	8,344,319
Excess (deficiency) of revenues over (under) expenditures	59,631	(397,166)	(637,977)	673,153	4,124	(298,235)
Other financing sources (uses):						
General obligation bonds issued	-	-	10,000,000	-	-	10,000,000
Premium on general obligation bonds	-	-	261,380	-	-	261,380
Discount on general obligation bonds	-	-	(116,951)	-	-	(116,951)
Transfers in	-	397,166	-	-	-	397,166
Transfers out	-	-	(397,166)	-	(3,925)	(401,091)
Total other financing sources (uses)	-	397,166	9,747,263	-	(3,925)	10,140,504
Change in fund balances	59,631	-	9,109,286	673,153	199	9,842,269
Fund balances beginning of year, as restated	2,266,698	-	1,264,341	275,978	213,433	4,020,450
Fund balances end of year	\$ 2,326,329	-	10,373,627	949,131	213,632	13,862,719

See notes to financial statements.

North Mahaska Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2020

Net change in fund balances - total governmental funds (Exhibit E)	\$	9,842,269
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$	842,552	
Depreciation expense		(364,970)	477,582

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in Net Position of the Internal Service Fund is reported with governmental activities.		84,831
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Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year items are as follows:

GO bonds issued	(10,000,000)	
Premium on bonds issued	(261,380)	
Discount on bonds issued	116,951	
Bond principal repaid	250,000	
Amortization of bond premium	13,069	
Amortization of bond discount	(5,848)	
Capital lease principal repaid	73,255	(9,813,953)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		4,670
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The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position		332,920
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows.

Early retirement	5,000	
Compensated absences	-	
Pension expense	(473,005)	
OPEB expense	(129,215)	(597,220)

Change in net position of governmental activities (Exhibit B)	\$	331,099
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See notes to financial statements.

North Mahaska Community School District
Statement of Net Position
Proprietary Fund
June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 29,741	347,669
Accounts receivable	9,575	-
Inventories	5,014	-
Total current assets	44,330	347,669
Non-current assets:		
Property and equipment:		
Machinery and equipment	129,511	-
Accumulated depreciation	(108,747)	-
Total non-current assets	20,764	-
Total assets	65,094	347,669
Deferred Outflows of Resources		
Pension related deferred outflows	27,024	-
Liabilities		
Current liabilities:		
Accounts payable	16,823	1,302
Total current liabilities	16,823	1,302
Non-current liabilities:		
Net pension liability	76,018	-
Net OPEB liability	28,487	-
Total non-current liabilities	104,505	-
Total liabilities	121,328	1,302
Deferred Inflows of Resources		
Pension related deferred inflows	21,054	-
Net Position		
Net investment in capital assets	20,764	-
Unrestricted	(71,028)	346,367
Total net position	\$ (50,264)	346,367

See notes to financial statements.

Exhibit H

North Mahaska Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
Operating revenue:		
Local sources:		
Charges for services	\$ 156,241	139,777
Operating expenses:		
Instructional programs:		
Support services:		
Other	-	54,946
Non-instructional programs:		
NM custom creations:		
Supplies	16,917	
Food service operations:		
Salaries	103,240	-
Benefits	70,626	-
Supplies	192,387	-
Depreciation	2,660	-
Total operating expenses	385,830	54,946
Operating income (loss)	(229,589)	84,831
Non-operating revenue:		
Interest income	4	-
State sources	2,549	-
Federal sources	182,656	-
Total non-operating revenue	185,209	-
Income (loss) before other financing sources (uses)	(44,380)	84,831
Other financing sources (uses)		
Contributed capital	3,422	-
Gain (loss) on disposal of assets	(19)	-
Transfers in	3,925	-
Total other financing sources (uses)	7,328	-
Change in net position	(37,052)	84,831
Net position beginning of year, as restated	(13,212)	261,536
Net position end of year	\$ (50,264)	346,367

See notes to financial statements.

Exhibit I

North Mahaska Community School District
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2020

	Business Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 129,683	-
Cash received from miscellaneous operating activities	19,540	139,777
Cash payments to employees for services	(164,101)	-
Cash payments to suppliers for goods or services	(161,009)	(59,072)
Net cash provided (used) by operating activities	(175,887)	80,705
Cash flows from non-capital financing activities:		
State grants received	2,549	-
Federal grants received	148,428	-
Transfers in (out)	3,925	-
Net cash provided by non-capital financing activities	154,902	-
Cash flows from investing activities:		
Interest on investments	4	-
Net increase (decrease) in cash and cash equivalents	(20,981)	80,705
Cash and cash equivalents at beginning of year	50,722	266,964
Cash and cash equivalents at end of year	\$ 29,741	347,669
Reconciliation of operating loss to net cash used by operating activities:		
Operating gain (loss)	\$ (229,589)	84,831
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Commodities used	34,228	-
Depreciation	2,660	-
(Increase) in inventories	(139)	-
(Increase) in accounts receivable	(7,018)	-
Increase (decrease) in accounts payable	14,206	(4,126)
(Decrease) in net pension liability	(12,007)	-
Decrease in deferred outflows of resources	12,048	-
Increase in deferred inflows of resources	2,233	-
Increase in other postemployment benefits	7,491	-
Net cash provided (used) by operating activities	\$ (175,887)	80,705
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:		
Current assets:		
Cash	\$ 29,741	347,669
Cash and cash equivalents at year end	\$ 29,741	347,669

Non-cash investing, capital and financing activities:

During the year ended June 30, 2020, the District received \$34,228 of federal commodities.

See notes to financial statements.

North Mahaska Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Assets	
Cash, cash equivalents and pooled investments	<u>\$ 260,267</u>
Total assets	<u>260,267</u>
Liabilities	
Due to other funds	<u>6,500</u>
Total liabilities	<u>6,500</u>
Net position	
Reserved for scholarships	<u>253,767</u>
Total Net Position	<u><u>\$ 253,767</u></u>

See notes to financial statements.

Exhibit K

North Mahaska Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2020

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ -
Unrealized gain (loss) on investments	(11,851)
Interest income	7,324
Total revenues	<u>(4,527)</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>8,450</u>
Total expenditures	<u>8,450</u>
Change in net position	(12,977)
Net position beginning of year, as restated	<u>266,744</u>
Net position end of year	<u>\$ 253,767</u>

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

North Mahaska Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of New Sharon, Iowa and the predominate agricultural territory in Mahaska and Poweshiek counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, North Mahaska Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The North Mahaska Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Mahaska County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

The other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

The District reports the following non-major proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The N.M. Custom Creations Fund is used to account for the business activity of this venture.

Internal Service Funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District has the following internal service fund:

Partial Self-Insurance Fund: This fund accounts for transactions for self-insured health insurance received by District employees in which the District is responsible for paying all claims and administrative costs attributable to the insurances listed above.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as

revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related

revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2019.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reported capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20-40
Furniture and equipment	5-20

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension expense.

Fund Balance - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, expenditures exceeded the amounts budgeted in the non-instructional programs function.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2020, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2020, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at amortized cost of \$13,161,729 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Debt service	Capital projects, statewide sales, services and use tax	\$ 397,166
Enterprise, NM custom creations	Student activity fund	3,925
		<u>\$ 401,091</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

North Mahaska Community School District
Notes to Financial Statements
June 30, 2020

(4) Capital Assets

Capital assets activity for the year ended June 30, 2020 is as follows:

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 95,250	-	-	95,250
Construction in progress	-	662,738	-	662,738
Total capital assets not being depreciated	95,250	662,738	-	757,988
Capital assets being depreciated:				
Buildings	10,313,446	67,312	-	10,380,758
Improvements other than buildings	1,953,511	-	-	1,953,511
Furniture and equipment	1,632,467	112,502	-	1,744,969
Total capital assets being depreciated	13,899,424	179,814	-	14,079,238
Less accumulated depreciation for:				
Buildings	3,290,460	224,944	-	3,515,404
Improvements other than buildings	844,242	49,770	-	894,012
Furniture and equipment	1,271,613	90,256	-	1,361,869
Total accumulated depreciation	5,406,315	364,970	-	5,771,285
Total capital assets being depreciated, net	8,493,109	(185,156)	-	8,307,953
Governmental activities capital assets, net	\$ 8,588,359	477,582	-	9,065,941
Business type activities:				
Furniture and equipment	\$ 200,676	3,422	(74,587)	129,511
Less accumulated depreciation	180,655	2,660	(74,568)	108,747
Business type activities capital assets, net	\$ 20,021	762	(19)	20,764

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular \$ 19,636

Other 49,540

Support services:

Administration 1,964

Operation and maintenance of plant 15,947

Transportation 56,252

143,339

Unallocated depreciation 221,631

Total governmental activities depreciation expense \$ 364,970

Business type activities:

Food services \$ 2,660

North Mahaska Community School District
Notes to Financial Statements
June 30, 2020

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2020 are summarized as follows:

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 3,105,000	-	250,000	2,855,000	255,000
General obligation bonds	\$ -	10,000,000	-	10,000,000	485,000
Early retirement	45,000	25,000	30,000	40,000	25,000
Obligations under capital lease	73,255	-	73,255	-	-
Net pension liability	3,102,174	-	419,200	2,682,974	-
Net OPEB liability	362,180	129,215	-	491,395	-
Total	\$ 6,687,609	10,154,215	772,455	16,069,369	765,000
Business type activities:					
Net pension liability	\$ 88,025	-	12,007	76,018	-
Net OPEB liability	20,996	7,491	-	28,487	-
Total	\$ 109,021	7,491	12,007	104,505	-

General Obligation Bonds

Details of the District's June 30, 2020 general obligation indebtedness are as follows:

Bond Issue of June 1, 2020					
Year ending June 30,	Interest Rates	Principal	Interest	Total	
2021	3.00%	\$ 485,000	263,115	748,115	
2022	3.00	500,000	248,565	748,565	
2023	3.00	515,000	233,565	748,565	
2024	3.00	400,000	218,115	618,115	
2025	3.00	415,000	206,115	621,115	
2026	3.00	425,000	193,665	618,665	
2027	3.00	440,000	180,915	620,915	
2028	3.00	450,000	167,715	617,715	
2029	3.00	465,000	154,215	619,215	
2030	3.00	480,000	140,265	620,265	
2031	2.00	495,000	125,865	620,865	
2032	2.10	505,000	115,965	620,965	
2033	2.20	515,000	105,360	620,360	
2034	2.25	520,000	94,030	614,030	
2035	2.30	530,000	82,330	612,330	
2036	2.35	545,000	70,140	615,140	
2037	2.40	555,000	57,333	612,333	
2038	2.45	575,000	44,012	619,012	
2039	2.50	585,000	29,925	614,925	
2040	2.55	600,000	15,300	615,300	
Total		\$ 10,000,000	2,746,510	12,746,510	

On June 1, 2020, the District issued \$10,000,000 of general obligation bonds for the improvement and remodel of existing buildings. The bonds bear interest at rates ranging from 2.55% to 3.00% per annum. No principal or interest were paid during the year ended June 30, 2020.

Revenue Bonds

Details of the District's June 30, 2020 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year ending June 30,	Bond Issue of May 3, 2016			
	Interest Rates	Principal	Interest	Total
2021	2.42%	\$ 255,000	66,005	321,005
2022	2.42	260,000	59,774	319,774
2023	2.42	265,000	53,422	318,422
2024	2.42	275,000	46,887	321,887
2025	2.42	280,000	40,172	320,172
2026	2.42	290,000	33,275	323,275
2027	2.42	295,000	26,197	321,197
2028	2.42	305,000	18,937	323,937
2029	2.42	310,000	11,495	321,495
2030	2.42	320,000	3,872	323,872
Total		\$ 2,855,000	360,036	3,215,036

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,580,000 of bonds issued in May 2016. The bonds were issued for the purpose of financing a portion of the costs of infrastructure improvements. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$3,215,036. For the current year, \$322,116 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$466,967.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2020.

(6) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2020 were \$342,455.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$2,758,992 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the District's proportion was 0.047328%, which was a decrease of 0.003100% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$484,814. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,649	99,199
Changes of assumptions	295,528	-
Net difference between projected and actual earnings on IPERS' investments	130,425	441,331
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	184,871	222,888
District contributions subsequent to the measurement date	342,455	-
Total	<u>\$ 960,928</u>	<u>763,418</u>

\$342,455 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June, 30	
2021	\$ 44,198
2022	(39,321)
2023	(49,193)
2024	(78,896)
2025	(21,733)
	<u>\$ (144,945)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2010)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation table were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% (higher 8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 4,899,079	\$ 2,758,992	\$ 963,910

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2020, the District reported payables to IPERS of \$25,948 for legally required District contributions and \$17,289 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(7) Other Post-Employment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits for employees are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

OPEB Benefits - Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	67
	<u>72</u>

Total OPEB Liability - the District's total OPEB liability of \$519,882 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2020)	3.50% per annum.
Rates of salary increase (effective June 30, 2020)	3.50% per annum including inflation
Discount rate (effective June 30, 2020)	2.21% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2020)	6.50% initial rate decreasing by 0.10% annually to an ultimate rate of 5.18%

Discount Rate – The discount rate used to measure the total OPEB liability was 2.21% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from PUB-2010 generational table, scaled using MP-19 and applied on a gender-specific basis. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

Total OPEB liability beginning of year	\$ 383,176
Changes for the year:	
Service cost	36,360
Interest	13,438
Differences between expected and actual experience	(15,118)
Changes in assumptions	173,219
Benefit payments	(71,193)
Net changes	136,706
Total OPEB liability end of year	\$ 519,882

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 607,000	519,882	451,000

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rates.

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	\$ 455,000	519,882	600,000

(8) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$217,585 for the year ended June 30, 2020, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Deficit Net Position

A net position deficit of \$56,812 exists in the Enterprise, School Nutrition Fund. There were also two Activity Fund accounts with negative balances as of June 30.

(11) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

The District was not impacted by any tax abatements of other entities for the year ended June 30, 2020.

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2020, the District did not receive any reimbursement.

(12) Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a scheduled of the categorical funding restricted in the General Fund at June 30, 2020.

Program	Amount
Home school assistance program	\$ 3,546
Teacher leadership state aid	189,560
Flexibility - Excess HSAP	77,135
Teacher salary supplement	28,075
Successful progression for early readers	53,627
Professional development	44,312
Four year old preschool state aid	131,202
Gifted and talented program	10,615
	<u>\$ 538,072</u>

(13) Construction Commitment

The District entered into contracts totaling \$5,504,972 for the improvement and remodel of existing facilities. As of June 30, 2020, cost of \$662,738 had been incurred against the contracts. The balance of \$4,842,234 remaining at June 30, 2020 will be paid as work on the projects progress.

(14) Restatement

Beginning fund balances of the General Fund, Management Levy, and the Activity Fund were restated to retroactively report prior year adjustments. Beginning net position of the Nutrition Fund was restated to retroactively report prior year adjustments. The Scholarship Fund was restated to retroactively report prior year adjustments.

	Governmental Activities	Governmental Funds	Enterprise Funds - School Nutrition	Scholarship Fund
Net position June 30, 2019, as previously reported	\$ 6,887,351	4,013,456	(13,631)	265,244
Adjustment to prior Management Levy investments	519	519	-	-
Adjustment to Activity Fund beginning cash	(25)	(25)	-	-
Adjustment for prior interfund loan to Scholarship Fund	6,500	6,500	-	-
Understatement of prior year payables	-	-	(797)	-
Adjustment to prior accumulated depreciation	-	-	1,216	-
Adjustment to prior year balances	-	-	-	1,500
Net position June 30, 2019, as restated	<u>\$ 6,894,345</u>	<u>4,020,450</u>	<u>(13,212)</u>	<u>266,744</u>

Required Supplementary Information

North Mahaska Community School District
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Fund
Required Supplementary Information
Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 4,743,404	156,245	4,899,649	4,692,831	4,692,831	206,818
Intermediate sources	-	-	-	10,799	10,799	(10,799)
State sources	3,072,951	2,549	3,075,500	3,078,458	3,078,458	(2,958)
Federal sources	229,729	182,656	412,385	285,000	285,000	127,385
Total revenues	8,046,084	341,450	8,387,534	8,067,088	8,067,088	320,446
Expenditures/Expenses:						
Instruction	4,630,109	-	4,630,109	5,565,000	5,565,000	934,891
Support services	2,063,174	-	2,063,174	2,453,500	2,453,500	390,326
Non-instructional programs	5,168	385,830	390,998	307,000	307,000	(83,998)
Other expenditures	1,645,868	-	1,645,868	1,456,614	11,456,614	9,810,746
Total expenditures/expenses	8,344,319	385,830	8,730,149	9,782,114	19,782,114	11,051,965
Excess(deficiency) of revenues over(under) expenditures/expenses	(298,235)	(44,380)	(342,615)	(1,715,026)	(11,715,026)	11,372,411
Other financing sources, net	10,140,504	7,328	10,147,832	-	-	10,147,832
Change in fund balance	9,842,269	(37,052)	9,805,217	(1,715,026)	(11,715,026)	21,520,243
Balances beginning of year, as restated	4,020,450	(13,212)	4,007,238	2,983,133	2,983,133	1,024,105
Balances end of year	\$ 13,862,719	(50,264)	13,812,455	1,268,107	(8,731,893)	22,544,348

See accompanying independent auditor's report.

North Mahaska Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year ended June 30, 2020

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In Accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutory prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Cod of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$10,000,000.

During the year ended June 30, 2020, expenditures exceeded the amounts budgeted in the non-instructional programs function.

North Mahaska Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
For the Last Six Years* (In Thousands)
Required Supplementary Information

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.047328%	0.050428%	0.049676%	0.042721%	0.048423%	0.050147%
District's proportionate share of the net pension liability	\$ 2,759	3,190	3,279	2,664	2,407	2,030
District's covered-employee payroll	\$ 3,625	3,751	3,675	3,038	3,338	3,349
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	76.11%	85.04%	89.22%	87.69%	72.11%	60.62%
IPESRS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

North Mahaska Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
For the Last 10 Years (In Thousands)
Required Supplementary Information

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 342	348	335	328	271	298	299	281	252	219
Contributions in relation to the statutorily required contribution	(342)	(348)	(335)	(328)	(271)	(298)	(299)	(281)	(252)	(219)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,618	3,625	3,751	3,675	3,038	3,338	3,349	3,244	3,118	3,155
Contributions as a percentage of covered-employee payroll	9.45%	9.60%	8.93%	8.93%	8.92%	8.93%	8.93%	8.66%	8.08%	6.94%

See accompanying independent auditor's report.

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**North Mahaska Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Last Three Years
Required Supplementary Information**

	2020	2019	2018
Service cost	\$ 36,360	39,222	37,761
Interest cost	13,438	14,467	14,219
Difference between expected and actual experiences	(15,118)	-	-
Changes in assumptions	173,219	21,590	(20,166)
Benefit payments	(71,193)	(53,388)	(59,894)
Net change in total OPEB liability	136,706	21,891	(28,080)
Total OPEB liability beginning of year	383,176	361,285	389,365
Total OPEB liability end of year	\$ 519,882	383,176	361,285
Covered-employee payroll	\$ 3,184,542	3,383,000	3,269,074
Total OPEB liability as a percentage of covered-employee payroll	16.33%	11.33%	11.05%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

North Mahaska Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures and Interfund Transfers	Interfund Transfers	Balance End of Year
Sports Physicals	\$ 1,775	-	1,000	-	775
All School Play	1,602	-	-	-	1,602
All School Musical	3,810	-	391	-	3,419
Speech	798	133	217	-	714
Flags	92	-	-	-	92
Football Cheerleaders	430	2,255	2,215	-	470
Baseball Concessions	3,048	1,087	2,418	-	1,717
Softball Concessions	6,776	1,934	3,448	-	5,262
Basketball Cheerleaders	228	158	147	-	239
Athletic Misc	23,006	22,521	27,092	(350)	18,085
Wrestling Cheerleaders	-	118	80	-	38
Dance Team	609	2,361	2,550	-	420
Boys Basketball Gate	(50)	5,341	3,464	50	1,877
Boys Basketball	1,414	125	-	-	1,539
Football	60	-	60	-	-
Football Gate	-	8,398	8,398	-	-
Baseball Gate	-	2,506	2,615	-	(109)
Baseball	600	-	-	-	600
Softball	311	125	75	-	361
Boys Track	1,289	125	362	-	1,052
Golf	2,070	125	911	-	1,284
Wrestling Gate	-	539	539	-	-
Wrestling	600	-	600	-	-
Girls Basketball Gate	-	12,488	12,488	-	-
Volleyball Gate	-	5,224	3,175	-	2,049
Volleyball	1,036	1,957	1,957	-	1,036
Girls Basketball	832	-	242	-	590
Softball Gate	(300)	6,136	4,974	300	1,162
Girls Track	874	125	306	-	693
Cross Country Gate	-	216	216	-	-
Cross Country	330	-	-	-	330
Music Boosters	5,913	1,038	222	-	6,729
High School Donations	-	122	90	-	32
Interest	108	1,353	1,461	-	-
Yearbook	2,553	6,038	3,051	-	5,540
National Honor Society	407	710	1,076	-	41
Spanish Club	472	1,052	50	-	1,474
Senior Class Trip	648	-	648	-	-
Washington DC Trip	950	-	-	-	950
Student Health	216	-	132	-	84
FFA	(91)	48,484	48,484	91	-
FFA Foundation	4,223	220	2,450	-	1,993
FFA Farm	35,063	16,777	29,660	(91)	22,089
FFA Greenhouse	-	1,396	2,791	-	(1,395)

Schedule 1

North Mahaska Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2020

Account	Balance Beginning of Year	Revenues	Expenditures and Interfund Transfers	Intrafund Transfers	Balance End of Year
Archery Club	5,314	6,717	5,722	-	6,309
Band Fundraiser	7,346	2,000	867	-	8,479
School Fund Concessions	56,206	31,688	29,647	-	58,247
Student Council	303	2,913	1,940	-	1,276
Elementary Fundraiser	9,466	16,438	13,584	-	12,320
Rocket Team	113	-	-	-	113
Class of 2020	3,968	25,012	11,406	-	17,574
Class of 2021	589	8,137	2,384	-	6,342
Class of 2022	560	215	11	-	764
Class of 2023	375	225	-	-	600
Class of 2024	160	170	-	-	330
Class of 2025	-	240	-	-	240
NM Clay Target Shooters	11,209	4,725	8,502	-	7,432
Warhawk Laser Art	3,925	-	3,925	-	-
Water Bottle Sales	402	12	-	-	414
Grain For Grads	8,725	662	2,099	-	7,288
TJ Goemaat Memorial	3,070	-	-	-	3,070
Totals	\$ 213,433	250,341	250,142	-	213,632

North Mahaska Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2020

	Capital Projects			
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 1,098,452	9,268,412	44,700	10,411,564
Receivables:				
Property tax:				
Delinquent	-	-	225	225
Succeeding year	-	-	91,742	91,742
Due from other governments	39,288	-	-	39,288
Total assets	\$ 1,137,740	9,268,412	136,667	10,542,819
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 9,875	67,575	-	77,450
Total liabilities	9,875	67,575	-	77,450
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	91,742	91,742
Total deferred inflows of resources	-	-	91,742	91,742
Fund balances:				
Restricted for:				
School infrastructure	1,127,865	9,200,837	-	10,328,702
Physical plant and equipment	-	-	44,925	44,925
Total fund balances	1,127,865	9,200,837	44,925	10,373,627
Total liabilities, deferred inflows of resources and fund balances	\$ 1,137,740	9,268,412	136,667	10,542,819

See accompanying independent auditor's report.

Schedule 3

North Mahaska Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2020

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	-	87,013	87,013
Other	6,063	52	487	6,602
State sources	466,967		425	467,392
Total revenues	473,030	52	87,925	561,007
Expenditures:				
Support Services:				
Instructional staff	8,154	-	27,842	35,996
Administration	-		23,672	23,672
Operation and maintenance of plant	84,750	-	2,177	86,927
Transportation	9,875	-	11,397	21,272
Other Expenditures				
Facilities acquisition	18,200	867,852	69,273	955,325
Long-term debt:				
Interest and fiscal charges	-	75,792	-	75,792
Total expenditures	120,979	943,644	134,361	1,198,984
Excess of revenues over expenditures	352,051	(943,592)	(46,436)	(637,977)
Other financing sources(uses):				
General obligation bonds issued	-	10,000,000	-	10,000,000
Premium on general obligation bonds	-	261,380	-	261,380
Discount on general obligation bonds	-	(116,951)	-	(116,951)
Transfers out	(397,166)	-	-	(397,166)
Total other financing sources(uses)	(397,166)	10,144,429	-	9,747,263
Change in fund balances	(45,115)	9,200,837	(46,436)	9,109,286
Fund balances beginning of year, as restated	1,172,980	-	91,361	1,264,341
Fund balances end of year	\$ 1,127,865	9,200,837	44,925	10,373,627

See accompanying independent auditor's report.

North Mahaska Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2020

	Business Type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund	
	School Nutrition	NM Custom Creations	Total	Partially Self-Funded Insurance	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 23,193	6,548	29,741	347,669	347,669
Accounts receivable	9,575	-	9,575	-	-
Inventories	5,014	-	5,014	-	-
Total current assets	37,782	6,548	44,330	347,669	347,669
Non-current assets:					
Machinery and equipment	129,511	-	129,511	-	-
Accumulated depreciation	(108,747)	-	(108,747)	-	-
Total non-current assets	20,764	-	20,764	-	-
Total assets	58,546	6,548	65,094	347,669	347,669
Deferred Outflows of Resources					
Pension related deferred outflows	27,024	-	27,024	-	-
Liabilities					
Current liabilities:					
Accounts payable	16,823	-	16,823	1,302	1,302
Total current liabilities	16,823	-	16,823	1,302	1,302
Noncurrent liabilities:					
Net pension liability	76,018	-	76,018	-	-
Net OPEB liability	28,487	-	28,487	-	-
Total noncurrent liabilities	104,505	-	104,505	-	-
Total liabilities	121,328	-	121,328	1,302	1,302
Deferred Inflows of Resources					
Pension related deferred inflows	21,054	-	21,054	-	-
Net position					
Net investment in capital assets	20,764	-	20,764	-	-
Unrestricted	(77,576)	6,548	(71,028)	346,367	346,367
Total net position	\$ (56,812)	6,548	(50,264)	346,367	346,367

See accompanying independent auditor's report.

North Mahaska Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund	
	School Nutrition	NM Custom Creations	Total	Partially Self-Funded Insurance	Total
Operating revenue:					
Local sources:					
Other local sources:					
Food service sales	\$ 136,701	-	136,701	-	-
Other operating revenues	-	19,540	19,540	139,777	139,777
Total operating revenues	136,701	19,540	156,241	139,777	139,777
Operating expenses:					
Support services:					
Administrative services:					
Services	-	-	-	54,946	54,946
	-	-	-	54,946	54,946
Non-instructional programs:					
Operations:					
Salaries	103,240	-	103,240	-	-
Benefits	70,626	-	70,626	-	-
Supplies	192,387	16,917	209,304	-	-
Depreciation	2,660	-	2,660	-	-
	368,913	16,917	385,830	-	-
Total operating expenses	368,913	16,917	385,830	54,946	54,946
Operating income (loss)	(232,212)	2,623	(229,589)	84,831	84,831
Non-operating revenues:					
State sources	2,549	-	2,549	-	-
Federal sources	182,656	-	182,656	-	-
Interest income	4	-	4	-	-
Total non-operating revenues	185,209	-	185,209	-	-
Income (loss) before other financing sources (uses)	(47,003)	2,623	(44,380)	84,831	84,831
Other financing sources (uses)					
Capital contributions	3,422	-	3,422	-	-
Gain (loss) on disposal of assets	(19)	-	(19)	-	-
Transfers in	-	3,925	3,925	-	-
Total other financing sources (uses)	3,403	3,925	7,328	-	-
Change in net position	(43,600)	6,548	(37,052)	84,831	84,831
Net position beginning of year, as restated	(13,212)	-	(13,212)	261,536	261,536
Net position end of year	\$ (56,812)	6,548	(50,264)	346,367	346,367

See accompanying independent auditor's report.

North Mahaska Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund	
	School Nutrition	NM Custom Creations	Total	Partially Self-Funded Insurance	Total
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ 129,683	-	129,683	-	-
Cash received from miscellaneous operating activities	-	19,540	19,540	139,777	139,777
Cash payments to employees for services	(164,101)	-	(164,101)	-	-
Cash payments to suppliers for goods or services	(144,092)	(16,917)	(161,009)	(59,072)	(59,072)
Net cash provided (used) by operating activities	(178,510)	2,623	(175,887)	80,705	80,705
Cash flows from non-capital financing activities:					
State grants received	2,549	-	2,549	-	-
Federal grants received	148,428	-	148,428	-	-
Transfers in (out)	-	3,925	3,925	-	-
Net cash provided by non-capital financing activities	150,977	3,925	154,902	-	-
Cash flows from investing activities:					
Interest on investments	4	-	4	-	-
	4	-	4	-	-
Net increase (decrease) in cash and cash equivalents	(27,529)	6,548	(20,981)	80,705	80,705
Cash and cash equivalents at beginning of year	50,722	-	50,722	266,964	266,964
Cash and cash equivalents at end of year	\$ 23,193	6,548	29,741	347,669	347,669
Reconciliation of operating income (loss) to net cash used by operating activities:					
Operating income (loss)	\$ (232,212)	2,623	(229,589)	84,831	84,831
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Commodities received	34,228	-	34,228	-	-
Depreciation	2,660	-	2,660	-	-
Decrease (increase) in inventories	(139)	-	(139)	-	-
Decrease (increase) in accounts receivable	(7,018)	-	(7,018)	-	-
Increase (decrease) in accounts payable	14,206	-	14,206	(4,126)	(4,126)
Increase (decrease) in net pension liability	(12,007)	-	(12,007)	-	-
Decrease (increase) in deferred outflows of resources	12,048	-	12,048	-	-
Increase(decrease) in deferred inflows of resources	2,233	-	2,233	-	-
Increase (decrease) in other postemployment benefits	7,491	-	7,491	-	-
Net cash provided (used) by operating activities	\$ (178,510)	2,623	(175,887)	80,705	80,705
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:					
Current assets:					
Cash and investments	\$ 23,193	6,548	29,741	347,669	347,669
Cash and cash equivalents at year end	\$ 23,193	6,548	29,741	347,669	347,669

Non-cash investing, capital and financing activities:

During the year ended June 30, 2020, the District received \$34,228 of federal commodities.

See accompanying independent auditor's report.

North Mahaska Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Local sources:										
Local tax	\$ 3,426,377	2,971,971	2,756,540	2,648,765	2,578,288	2,703,728	2,343,236	2,980,589	2,971,818	2,996,000
Tuition	945,801	848,887	699,369	583,448	468,351	525,065	393,983	347,465	269,185	266,605
Other	371,226	546,081	533,258	474,830	476,398	431,959	435,620	433,058	502,345	544,431
Intermediate sources	-	10,794	10,799	10,971	11,809	10,507	10,407	9,150	8,000	7,378
State sources	3,072,951	3,406,123	3,674,648	3,547,255	3,270,504	3,265,582	3,530,267	2,622,728	2,682,001	2,504,761
Federal sources	229,729	144,437	153,130	180,253	199,905	217,568	185,335	155,229	257,872	265,400
Total	\$ 8,046,084	7,928,293	7,827,744	7,445,522	7,005,255	7,154,409	6,898,848	6,548,219	6,691,221	6,584,575
Expenditures:										
Instruction:										
Regular	\$ 2,615,434	2,646,949	2,723,857	2,823,703	3,071,020	2,838,029	2,775,595	2,745,123	2,951,172	2,566,141
Special	887,435	826,227	812,621	879,619	775,092	793,741	866,860	830,164	660,994	631,048
Other	1,127,240	1,248,503	1,186,133	1,186,312	1,008,513	709,884	703,687	631,779	724,046	667,494
Support services:										
Student	163,833	117,226	138,701	117,147	124,061	113,399	102,804	99,050	82,743	71,253
Instructional staff	174,199	135,404	189,761	180,944	160,962	161,874	163,904	292,794	298,369	275,325
Administration	783,530	659,260	643,829	599,653	570,732	625,635	564,009	593,395	614,968	557,737
Operation and maintenance of plant	629,546	491,107	506,384	605,077	520,305	482,084	383,060	459,133	391,346	373,717
Transportation	312,066	277,981	278,395	276,437	272,790	372,476	300,315	305,646	436,489	346,421
Non-instructional programs	5,168	5,515	6,428	8,368	8,552	8,062	-	5,850	5,000	5,000
Other expenditures:										
Facilities acquisition	955,325	66,842	295,352	3,685,699	293,441	448,442	281,655	119,337	182,205	75,257
Long-term debt:										
Principal	323,255	311,503	304,793	170,609	209,741	211,493	198,346	206,097	365,000	365,000
Interest and other charges	149,703	81,592	89,049	65,117	9,429	15,042	20,189	19,538	19,843	27,389
AEA flowthrough	217,585	220,513	225,201	208,360	210,606	211,817	213,576	197,639	197,409	216,272
Total	\$ 8,344,319	7,088,622	7,400,504	10,807,045	7,235,244	6,991,978	6,574,000	6,505,545	6,929,584	6,178,054

See accompanying independent auditor's report.



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CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Education of North Mahaska Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the North Mahaska Community School District as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Mahaska Community School District's internal control over financial reporting (internal control) as a basis for designing the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Mahaska Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Mahaska Community School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider to be material weaknesses. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item (A) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Mahaska Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

North Mahaska Community School District's Responses to Findings

North Mahaska Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. North Mahaska Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of North Mahaska Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

February 11, 2021

Part I: Findings Related to the Financial Statements:
INTERNAL CONTROL DEFICIENCY:

- A Segregation of Duties – The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure adequate internal control. This is not unusual in Districts of your size, but the Board should constantly be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the Board's knowledge of matters relating to the District's operations.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters noted.

Part II: Other Findings Related to Required Statutory Reporting:

- 1 Certified Budget - Expenditures for the year ended June 30, 2020, exceeded the certified budget amounts in the non-instructional programs function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified is not exceeded.

Conclusion – Response accepted.

- 2 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- 3 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- 4 Business Transactions – No business transactions between the District and District officials or employees were noted.

- 5 Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

- 6 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

- 7 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

- 8 Certified Enrollment – Variances in the basic enrollment data certified to the Department of Education were noted.

Recommendation – The certified enrollment data should be corrected

Response – The Iowa Department of Education and the Iowa Department of Management will be notified of the error.

North Mahaska Community School District
Schedule of Findings
Year Ended June 30, 2020

Conclusion – Response accepted.

- 9 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- 10 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- 11 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- 12 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- 13 Deficit Balance - The School Nutrition fund had a deficit balance at June 30, 2020. There were also two Activity Fund accounts with negative balances as of June 30.

Recommendation - The District should continue to investigate alternatives to eliminate the deficit in the School Nutrition fund and the Activity accounts.

Response - The District is continuing to investigate alternatives to eliminate the deficit in the School Nutrition fund at the end of the fiscal year as well as the Activity accounts.

Conclusion - Response accepted.

- 14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2020, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,172,980
Revenues/transfers in:			
Sales tax revenues	\$	466,967	
Other local revenues		6,063	473,030
			<u>473,030</u>
Expenditures/transfers out:			
Equipment		120,979	
Transfers to other funds:			
Debt service fund		397,166	518,145
			<u>518,145</u>
Ending balance		\$	<u>1,127,865</u>

For the year ended June 30, 2020, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation		Property Tax Dollars Reduced
Debt service levy	\$	1.22000	322,166